Caribbean - Situation remains serious throughout area. Though Dominican dictator Trujillo has assured US Ambassador that he will resist military's desire for armed attack on Cuba, further Cubabacked rebel incursions, could provoke such a Dominican attack. Trujillo says he would grant any request by Haiti for military aid following any Cuba-backed incursion there. Cuba broke diplomatic relations with Dominican Republic last Friday. Dominican-supported Cuban exiles still believed preparing for possible attempt against Fidel Castro regime.

Inside Cuba, opposition to Castro mounting as he pushes defiantly ahead with drastic agrarian reform. Soldiers occupied cattle lands in Camaguey province following Castro's declaration that immediate nationalization excess cattle lands would occur in response to cattlemen's opposition to agrarian reform.

In Nicaragua, evidence continuing to mount that Cuban government arming and directing rebel invaders.

II. Argentina - President Frondizi seems to be weathering storm and intends to carry on with his economic program. While some disgruntled officers will probably continue their plotting, majority of military still seems to desire constitutional government.

III. Iraq - Pertinent sentences from this morning's USIB paper can be DOCUMENTNO.

NO HANGE IN CLASS. 11

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- IV. Yemen Crown Prince Badr is still wrestling with problems of army dissatisfaction which, added to other elements of potential unrest, could threaten his dominant position. At the moment, he appears to have the upper hand. However, the Imam wishes to return from Italy before his medical treatment has been completed, and his arrival could produce new problems.
- V. Kerala Agitation against the Communist government is being intensified. Congress Party politicians in Kerala interpret New Delhi high command's failure to call for end to agitation as green light for stepped up campaign. Both sides in Kerala more determined than ever to hold out, increasing likelihood of further serious violence.
- VI. Indonesia Sukarno returned Monday after two-months gallivanting around world and promised "to take action" in few days on '45 constitution which would provide legal basis for government reorganization. Nothing he does, however, is likely to solve basic problems. There is some hope that army will benefit under new program at expense of Communists.
- VII. Notes The Central Committee Plenum which began on 24 June has ended but there is as yet nothing of significance to report on it. Khrushchev made a speech at the Plenum but the text has not been made public.

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